



## **BUREAU OF CONSUMER FINANCIAL PROTECTION**

### **Notice of Availability of Revised Consumer Information Publication**

**AGENCY:** Bureau of Consumer Financial Protection.

**ACTION:** Notice of availability.

**SUMMARY:** The Consumer Financial Protection Bureau (Bureau or CFPB) announces the availability of an updated consumer publication, “What You Should Know about Home Equity Lines of Credit,” also known as the HELOC booklet, required by the Truth in Lending Act (TILA), as implemented by Regulation Z. This version of the HELOC booklet is updated to align with the Bureau’s educational efforts, to be more concise, and to improve readability and usability.

**ADDRESSES:** The updated consumer publication is available for download on the Bureau’s website at <https://www.consumerfinance.gov/learnmore> and can also be found in the Catalog of U.S. Government Publications (<https://catalog.gpo.gov>), maintained by Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

**FOR FURTHER INFORMATION CONTACT:** Davida Farrar, Supervisory Attorney Advisor, Consumer Education and External Affairs Division; Laura Schlachtmeyer, Senior Financial Education Content Specialist, Office of Financial Education; [CFPB\\_reinquiries@cfpb.gov](mailto:CFPB_reinquiries@cfpb.gov) or (202) 435-7700. If you require this document in an alternative electronic format, please contact [CFPB\\_Accessibility@cfpb.gov](mailto:CFPB_Accessibility@cfpb.gov).

**SUPPLEMENTARY INFORMATION:** The Bureau is hereby publishing this notice of availability to inform the public of the existence of an updated version of the booklet entitled, “What You Should Know about Home Equity Lines of Credit.”

*Background on the HELOC booklet*

The Truth in Lending Act (TILA)<sup>1</sup> was enacted in part to ensure consumers have clear, accurate information about credit terms and conditions to assist them in comparison shopping. TILA provisions include requirements that lenders give consumers certain disclosures related to a number of credit transactions. The Home Equity Loan Consumer Protection Act of 1988 expanded TILA to require additional disclosures for “open end consumer credit plans...secured by the consumer’s principal dwelling.”<sup>2</sup> The amendments included? a provision for the Board of Governors of the Federal Reserve System to develop consumer pamphlets that provide “a general description of open end consumer credit plans secured by the consumer’s principal dwelling and the terms and conditions under which such loans are generally extended” and “a discussion of the potential advantages and disadvantages of such plans, including how to compare among home equity plans and between home equity and closed end credit plans.”<sup>3</sup>

Prior to the Dodd-Frank Act, the Board implemented this requirement in 12 CFR 226.5b(e) and developed and published the HELOC Brochure to consumers with basic information about the features of a home equity line of credit and what to look for and compare when shopping for credit. Under the Dodd-Frank Act, the responsibility for the HELOC Brochure transferred to the CFPB. Under the CFPB’s Regulation Z, at the time an application for a HELOC is provided to the consumer, a creditor must provide certain disclosures and “the home equity brochure entitled ‘What You Should Know About Home Equity Lines of Credit’ or a suitable substitute....”<sup>4</sup>

#### *Contents of the Updated Version of the HELOC booklet*

The Bureau is updating the HELOC booklet so that it aligns with the Bureau’s educational efforts, to be more concise, and to improve readability and usability. New features include clear instructions on how consumers can use the pamphlet to explore their options, and a

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<sup>1</sup> Truth in Lending Act, Pub. L. 90-321, 82 Stat. 146, 15 U.S.C. 1601 *et seq.* (1968).

<sup>2</sup> Home Equity Loan Consumer Protection Act, Pub. L. 100-709, 102 Stat. 4725, 15 U.S.C. 1637a (1988).

<sup>3</sup> *Id.* section 4 at 4733.

<sup>4</sup> 12 CFR 1026.40(e). Under certain circumstances, the disclosures and the brochure may be delivered or placed in the mail not later than three business days following receipt of a consumer's application. *See* 12 CFR 1026.40(b).

comparison table with examples of loans that utilize home equity and other sources of financing consumer might consider, including closed-end credit. To encourage consumers to understand the terms of their HELOC and to shop for the most advantageous offer, the booklet expands the tables for consumers to compare three estimates. The design of the HELOC booklet has a look and feel similar to “Your Home Loan Toolkit: A Step-By-Step Guide,” and the “Consumer Handbook on Adjustable-Rate Mortgages,” other consumer disclosures that the Bureau is responsible for producing.

In January 2021, CFPB released a statement encouraging financial institutions to make financial products and services available to consumers with limited English proficiency. One of the tenets of that statement is that financial institutions provide consumers with clear disclosures in languages other than English.<sup>5</sup> To further this goal of inclusion, the HELOC booklet is also available in Spanish. The Bureau encourages financial institutions to disseminate these booklets to consumers to expand the availability and understanding of products and services to all consumers.

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<sup>5</sup> See *Statement Regarding the Provision of Financial Products and Services to Consumers With Limited English Proficiency*, 86 FR 6306 (Jan. 1, 2021), available at <https://www.federalregister.gov/documents/2021/01/21/2021-01116/statement-regarding-the-provision-of-financial-products-and-services-to-consumers-with-limited>.